



Irish Life Weekly Investment Bulletin

The week that was – WEEK 35 (ending 01/09/2017)

"I criticise by creation - not by finding fault." - Marcus Tullius Cicero

Irish manufacturing growth hits two-year high in August – The Investec Purchasing Managers' index rose to 56.1 in August from 54.6 in July. This was the highest level seen since July 2015 and is proving very resilient to the initial Brexit impact and euro strength. Good growth was shown in both output and new orders.

Eurozone inflation increases to 1.5% – According to latest figures from the EU's statistics agency, the annual inflation rate climbed to 1.5% in August, up from July's 1.3%, driven largely by higher energy costs. The increase beat the 1.4% consensus forecast but still falls short of the ECB's target of just below 2%.

Global stock market up 1.0% on the week – The MSCI AC World TR Index showed a 1.03% rise from the 25th August to 1st September, recovering from a sharp drop earlier in the week following North Korea's missile launch. Volatility, as measured by the CBOE Volatility Index (VIX) dropped to 10.3 from 11.9 over the week.

Eurozone economic confidence reaches 10-year peak – The European Commission reported the index of euro-area industry and consumer sentiment increased to 111.9 in August, climbing to its highest level since 2007. Economists surveyed by Bloomberg predicted an increase to 111.3 from a previously reported 111.2.

Conservative and Labour lawmakers want UK to stay in customs union – The newly formed All-Party Parliamentary Group on EU Relations, which includes lawmakers from the Tory and Labour parties said leaving the customs union as part of Brexit is "a reckless and economically dangerous self-inflicted wound".

Gold hits its highest level since Donald Trump election – Gold prices hit \$1,307.80 an ounce, after the launch by North Korea of a ballistic missile that flew over Japan spooked markets and sent investors in search of safe havens. This marked gold's highest point since November 9, after the election of President Trump.

The Story of the week: To assess the damage caused by Hurricane Harvey, Texas resident Brian Foster returned to his home in Harris County on Friday. As he walked around checking the house, a scary intruder greeted him in the dining room - a giant alligator sitting right under the dining table. Mr Foster immediately called 911 who then informed the wildlife department. It took several wildlife officials about 20 minutes to capture the 9-foot-long reptile. The Harris County Police Department tweeted afterwards that the animal would be taken back to its natural habitat.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 01/09)
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	12.0
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	3.9
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	7.4
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	7.0
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	12.2
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	19.6
Nikkei 225	22.9	56.7	7.1	9.1	0.4	3.0
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	21.1
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	0.0
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.2
German	1.4	1.9	0.5	0.6	0.2	0.4
UK	1.9	3.0	1.9	1.9	1.2	1.0
Japan	0.7	0.7	0.3	0.2	0.0	0.0
Ireland	4.5	3.4	1.3	1.1	0.7	0.7
Italy	4.6	4.1	2.1	1.6	1.8	2.0
Greece	12.7	8.2	9.6	7.9	7.1	5.6
Portugal	6.9	6.1	2.7	2.5	3.8	2.8
Spain	5.4	4.1	1.6	1.7	1.4	1.6
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.25
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.19
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.92
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.29
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	4.1% (to end of Q2)
U.K.	2.7	10.7	17.8	13.1	3.6	4.8% (to end of Q2)
U.S.	5.3	11.4	11.2	12.1	7.8	3.3% (to end of Q2)

*Past performance is not a reliable guide to future performance